

SUCCESSION DUTIES.

EXTRACTS FROM SPEECHES

OF

HON. R. HAROURT.

FROM BUDGET SPEECH OF 1893.

SUCCESSION DUTIES.

THE receipt of \$758 as succession duties calls for more than ordinary notice. This is the first fruit of our legislation of last session. It is a new and interesting item, and inasmuch as it will from year to year attain to greater and still greater proportions, I will be allowed to repeat some of the observations I made when the Act which provides for these duties was being discussed in the House.

It will be remembered that the preamble of our Act recited that the Province expends very large sums annually for asylums for the insane and idiots, and for institutions for the blind and for deaf mutes, and towards the support of hospitals and charities, and declared it to be expedient to provide a fund for defraying part of the said expenditure by a succession duty on certain estates. Our contributions to asylums and charities had been noticeably generous, and the demand upon the Treasury for these purposes was yearly increasing. The buildings which formerly sufficed to accommodate these afflicted classes became crowded, and it was absolutely necessary, therefore, to incur a very large capital expenditure in erecting a series of new buildings in different localities, and in otherwise providing the requisite increased accommodation. There had been no divergence of opinion in this House as to the necessity or wisdom or justification of such expenditure. This wealthy Province, it was felt, could not afford to turn a deaf ear to the cry of the distressed within its borders, or neglect in any way the afflicted in its midst. While we may regret that these expenditures have increased and are increasing, we cannot say that they ought

to be diminished. We rather rejoice to know that we have been able to do so much to further a well-known, tried and proved means of benefiting mankind. At the same time we do not forget that we should always strive to mould our charitable work into as exact and intelligent and valuable a form as possible. No one in this House, no thoughtful, influential man outside of it, no newspaper in this Province, had either questioned these expenditures or called for their curtailment. As to this one subject, at any rate, party lines had been well-nigh completely effaced. To such proportions had these grants grown that to support the institutions referred to required a yearly expenditure of nearly \$900,000, a sum much in excess of our grants to civil government, legislation and administration of justice all combined. We were actually expending \$9 out of every \$11 of our Dominion subsidy for this one purpose. In fact, during 1891 we spent for public institutions, maintenance, hospitals and charities and County Houses of Refuge, \$988,000, or nearly \$10 out of every \$11 of our Dominion subsidy. And we were doing this at a time when our revenue was in a sense stationary, circumscribed and inelastic, and the growth of the Province in a dozen different directions called here and there for increased expenditures. We had always been careful to economize whenever and wherever possible. There had never been either sign of waste or indication of extravagance. The subsidy we receive from the Dominion Government has remained at the same figure since Confederation. The founders of Confederation, in fixing the amount, considered our population at the time, our requirements in the matter of local expenditures, as well as the revenues which the Dominion at that date would receive. The same considerations, if we were to urge them, would entitle us to a largely increased subsidy now. The population of Ontario has increased 718,230 since Confederation, and this involves a greatly increased and unavoidable local expenditure. During the same time the Dominion revenues have trebled and we get no share of the increase.

REVENUE PROBLEMS.

Ordinarily speaking, the revenues of a country do not grow in proportion to its population. We had therefore this problem to solve. We were expected to make from time to time new grants and to increase existing grants on a circumscribed and stationary revenue. There was no middle course, and we felt, therefore, fully justified in resorting to succession duties as a new and fair source of revenue. The whole subject of succession duties had received but little, I may say no attention, in this Province. It was, however, well understood in England, and in some of the most important and advanced of the United States and elsewhere. The abstract fairness of such duties had never been questioned. What is called "collateral succession," or the succession to property by indirect or remote heirs, had always been regarded as a fair subject for taxation. Indeed, learned jurists, able

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writers and sound political economists, in their advocacy of it, had urged more and more during recent years that it should be taken advantage of to a much greater extent than heretofore, and the reasons they urged were convincing and satisfactory. And where the scale of exaction is extremely moderate, as is the case under our law, no one would pretend that we were removing or diminishing in any appreciable degree inducements either to acquire property or to amass it. No one has ever disputed that the State has strong claims to intervene in certain cases. Through its varied machinery of government it preserves peace, enforces justice, and contributes in one hundred different ways to the production of wealth. And to the extent of these services it is a partner with every toiler in the community. The payment of these succession duties is a partial payment for these services. Our fellow-workers in the community in which we live, the country under whose care and protection we have prospered, the institutions, religious or educational, in which we have been trained and which command our respect and admiration, these surely have as strong claims on us and on our property as collateral relations of the third or fourth degree, who may have always lived in a foreign land, with whom we have absolutely nothing in common, or whom perhaps we have never seen. The experience of other countries in the matter of succession duties encourages us to expect good results.

INHERITANCE ACTS IN ENGLAND.

In England the first Act levying these duties was passed in 1790, more than a hundred years ago, the amount of duty it imposed varying with the degree of relationship. The Act of 1790 was limited to collateral relations, but an Act passed in 1804 imposed 1 per cent. on successions to children and parents. The whole question was fully discussed in England in 1853, in which year all successions, landed property included, became liable to duty. For thirty-five years, namely, down to 1888, the scale of duties remained unchanged, the lineal issue or ancestor paying 1 per cent., the brother or sister or their descendants, 2 per cent., uncles and aunts and their descendants 3 per cent., and others still more remotely connected 10 per cent. The Act of 1888 made some slight increases in this scale of duties. It is a very noticeable and instructive fact that during the last fifty years in England the one point particularly discussed in connection with this subject was the equitable distribution of these duties, the fairness of the scale of duties. That such duties could be reasonably and fairly imposed on successions to property in certain cases, on certain transfers of property, seems never to have been questioned or seriously argued. Although the economic conditions prevailing in England vary widely in many respects from those obtaining in a new country like ours, still the general principles underlying the whole question of succession duties remain the same and are applicable to both countries alike. The prevailing conditions in the important States of Pennsylvania and New

York are in many regards precisely the same as our own, and some comment on their legislation on this subject will therefore be appropriate. In the State of Pennsylvania collateral inheritances have been subject to duties for sixty-six years, the original Act having been passed as long ago as 1826, and all estates, real and personal, which exceed \$250 in value are liable to them. The rate of duty is 5 per cent., and the father or mother, husband, wife, children and lineal descendants are exempt. Brothers and sisters are not exempt. The receipts in Pennsylvania have been very large, and they are constantly increasing. For the last six years they have been as follows:

1886.....	\$ 662,085
1887.....	762,719
1888.....	713,194
1889.....	1,377,514
1890.....	670,088
1891.....	1,230,725

or an average of \$902,721 turned into the State Treasury for general purposes. For the eleven months of the fiscal year ending October 31st, 1892, the amount received was \$1,069,558.37.

The Act now in force in the State of New York amending previous Acts was passed last year, and under it all transfers of property, real or personal, of the value of \$500 or over, whether under a will or in cases of intestacy, are subject to a duty of 5 per cent. In addition to those exempt under the Pennsylvania law, brothers and sisters are also exempt under the law in New York, with this important difference, that in New York State none of the exemptions apply to the transfers of personal property of the value of \$10,000 or more, these transfers being subject to a duty of 1 per cent. In Pennsylvania the exemptions apply to personal as well as to real property. The receipts in New York have been increasing by leaps and bounds. I will give them for the past six years:

1887.....	\$ 561,716
1888.....	736,062
1889.....	1,075,692
1890.....	1,117,637
1891.....	890,267
1892.....	1,786,218

Our law exempts all estates which do not exceed \$10,000, and near relatives, such as father, mother, children, husband, wife, etc., pay no duties except when the estates exceed \$100,000. All property given or bequeathed for religious, charitable or educational purposes is also exempt. Hence it is plain that thousands of estates which pay duties in England, New York and Pennsylvania are altogether exempt from duties under our Act. Our measure is extremely moderate, only large estates being affected by it, and the scale of duties it exacts being fair and reasonable.

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The State of Maryland also has an Act relating to collateral inheritances, very similar in terms to that of Pennsylvania. The scale of exaction is two and a half per cent., the same parties are exempt, and all estates over \$500 are liable. This being one of the smaller states, with a population of only 1,042,392, its receipts under this Act will be a matter of special interest. They were for the years named as follows :—

1888.....	\$ 57,767
1889.....	56,392
1890.....	83,656
1891.....	67,738
1892.....	114,009

Several Provinces of the Dominion have passed Acts relating to succession duties in terms similar to our own, and there are manifest indications in other directions that legislation has by no means said its last word on this important subject.

PROBABLE INCOME.

A word as to what will be our probable receipts under the Act. It will be remembered that under section 12 the duties imposed by the Act shall be due and payable at the death of the deceased or within eighteen months thereafter. Our Act came into force July 1st, 1892, so that the year 1894 will, therefore, be the first year in which there will likely be steady, continuous receipts. We may receive this year as much as \$20,000. A comparison with New York and Pennsylvania, population being taken into account, will not assist us much in estimating our receipts for several reasons. In the first place they exact duties from very many estates which we exempt, and in the second place they have several very large cities, and to a much greater extent than here, huge business enterprises, powerful corporations and vast estates. The State of New York during the fiscal year ending Sept. 30th, 1891, gave from its treasury grants in aid to its institutions for the deaf and dumb, the blind, the insane, idiots, juvenile delinquents, and for its houses of refuge, \$818,777. During the same year it received from succession duties \$890,267. From this one source of revenue, therefore, it was able to meet during that year all its grants to hospitals, asylums and refuges and still have to the good \$71,490.

The State of Pennsylvania for the fiscal year ending Nov. 30th, 1891, gave by way of grants to hospitals, asylums, homes and indigent insane the large sum of \$1,134,354. For the same year it received as revenue from collateral inheritances \$1,232,766, or nearly \$100,000 more than its total expenditure for hospitals, asylums and charities.

If we will receive, even after the lapse of a few years, enough to meet our grants to hospitals and charities alone (which, taken together, amount to only one-fifth of our grants to asylums), we need not be disappointed. Our grants to hospitals and charities have averaged during

the last five years \$129,338. Our Act was in force during the last six months of 1892, and for that period I can give honorable members some information which will enable them to estimate approximately our probable receipts. I have had returns sent to me from the Surrogate Registrars of the Province which I have had tabulated. From these returns it appears that during the last half of 1892 there were issued in the entire Province 1,327 probates and 729 letters of administration. Of all these, representing as they do 2,056 estates, only 25, or one estate out of every 82, came within the provisions of our Act. Of these 25 so liable, 6 belonged to the city of Toronto, 2 to the county of York, 2 to the county of Wellington, 2 to Perth, 2 to Lambton and 1 to each of 12 other counties. We have eleven cities in the Province, and in six of these no single estate came within our Act up to the end of 1892. Of 28 of our counties the same remark may be made. The total amount of duties accruing from the 25 estates referred to, representing our revenue for the period of six months, is somewhat over \$50,000. Nearly one-half of this sum will be paid by a single estate, the owner of which left neither wife nor child. In the case of eleven estates out of twenty-five, from which duty is payable, there was neither wife nor child to inherit. When we have had a few years' experience of the Succession Duties Act, we will all, I venture to say, agree in confirming the general verdict of other countries concerning it, and say that it works fairly, that it has no vexatious characteristics, that it is a just expedient of finance, and that it is as little burdensome as any substitute which could be devised.

FROM BUDGET SPEECH OF 1894.

SUCCESSION DUTIES.

OUR receipts under the Succession Duties Act during last year exceeded our expectations. It will be remembered that the Act came into force July 1, 1892, and that the duties accruing under it became due and payable at the death of the deceased, or within eighteen months thereafter. A period of eighteen months having elapsed since the Act came into force, we may now expect regular and continuous receipts. I ventured to remark last year that it would be found that our experience would resemble that of other countries in regard to succession duties, that our Act would work fairly, that it would not be vexatious, that it would prove as little burdensome as any substitute that could be devised. An experience of nearly two years fully confirms this belief. I would remind honorable members that our receipts under this Act are, by the express terms of the Act itself, allocated to the support of our hospitals and asylums. In 1893 we spent by way of grants to hospitals and charities \$164,896. We need not be sur-

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FROM BUDGET SPEECH OF 1895.

SUCCESSION DUTIES.

We have largely exceeded our estimates of receipts by way of succession duties. The estimate for the year was \$70,000; the annual receipts was \$150,754. It has been said over and over again that the

common experience has been that forecasts concerning the yield of this kind of revenue are seldom fulfilled. Our very moderate estimate of a year ago made fulfilment easy.

Honorable gentlemen will remember that the Act which provides this source of revenue was assented to in April, 1892, and that under one of its clauses the duties are not ordinarily payable until eighteen months after the death of the deceased. Keeping this in mind, I may fairly say, as has been said of a similar statute, that our Act is not even yet in full bearing, and that I may confidently predict materially larger returns in the near future.

In 1892 we received by way of succession duties \$758; in 1893, \$45,507, and in 1894, \$150,754. Under the Act, I ask the House to remember that all our receipts from this source are allocated to a fund which is set apart to assist in defraying our large and growing expenditure on asylums for the insane, schools for deaf mutes and for the blind, as well as hospitals and other charities. As an illustration, we spent last year under the head of Hospitals and Charities \$182,692. This is the largest sum we ever paid in any one year for this purpose. The largest sum previously paid in any one year was \$167,000. The increase in these charity grants over 1893 was mainly due to the fact that four new hospitals were added to our list in 1893. These four new hospitals received in 1894 grants to the amount of \$8,114.

We averaged for this service during the last five years \$158.58 a year.

I will not be at all surprised if our receipts by way of succession duties in 1895 will fully meet all our expenditures for hospitals and charities. I am certain, sir, that during the next two or three years the receipt from the one source can be set off against the expenditure on the other.

As was generally anticipated by honorable members on both sides of this House, the Act I am now discussing has been almost universally approved of.

It seems right and just that accumulated wealth should in this way assume a larger share than formerly of the public burdens. To even measurably accomplish this result has indeed long been the object of social and economic reformers in other lands. We did not fear that our moderate Act, with its small exactions, would discourage accumulation. With its low scale of duties, its provisions—inasmuch as all estates not exceeding \$10,000 in value were completely exempt—in the great majority of cases affect only very large estates.

THE ENGLISH ACT OF 1894.

At the same time, I repeat, our Act cannot be said to even aim, to use a phrase of some economists, at penalizing large fortunes.⁴ The economic principles underlying this class of legislation were much discussed in England about a year ago, when the Finance Act of 1894 was under consideration. This Act, which attracted so much attention

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at the time, and elicited such warm discussion, deals of course both with the excise and customs duties, as well as with the income tax and estate duties. These latter duties are so important that they alone, roughly speaking, represent an annual receipt of £10,000,000, and this large receipt will, it is expected, be increased 25 per cent. by the legislation of 1894. By the English Act of 1894 the death duties were remodelled and simplified ; inequalities were removed, important exemptions done away with, and all this led, of course, to considerable discussion in the press and in Parliament.

The most important changes made were these : There had been no fewer than five kinds of duties. These have been merged into two. The one class now called "estate duties" reaches all property of whatever kind, including, of course, realty and settled personality, the amount depending on the aggregate amount of the property passing at death. Prior to 1894 this kind of duty had been limited to personality, and the exemption of realty, therefore, had been much complained of. The second class consists of legacy and succession duties, and its amount depends upon the extent of the interest acquired by each individual, and varies according to his relationship to the deceased. The application of the principle of graduation, to which I may again refer, to estate duties is also considered a great reform.

I particularly wish to point out, Mr. Speaker, that in the thorough discussion in England of this very important Finance Act of 1894 it is very noticeable that no party or leader ever even questioned the propriety or the fairness of meeting the incessant demands of an ever-increasing public outlay by making further and still further calls upon accumulated wealth.

This, perhaps, need not surprise us when we remember that all writers on political economy and finance are agreed that the true principle of sound taxation is relative ability to pay, or equality of sacrifice ; that, in other words, all taxation should be proportionate to the ability to bear it by those on whom it is imposed. I may here well quote the words of the Chancellor of the Exchequer, who last session, in speaking of his remodelled and simplified estate duties, said : "The governing principle is this : Upon the devolution of property of all descriptions the State takes its share first, before any of the successors in title or the beneficiaries. The reason upon which this is founded is plain. The title of the State to a share in accumulated property of the deceased is an anterior title to that of the interest to be taken by those who are to share in it. The State has the first title upon the estate, and those who take afterwards have a subsequent and a subordinate title. Nature gives a man no power over his earthly goods beyond the term of his life. The right of a dead hand to dispose of his property is a pure creation of the law, and the State has the right to prescribe the conditions and the limitations under which that power shall be exercised." The promoter of the English Finance Act of 1894 expressed his belief that, as a result of his remodelling the estate duties, there would be an ultimate increase of revenue from that source of from £3,000,000 to £4,000,000.

THE PRINCIPLE OF GRADUATION.

This increase is largely due to the adoption of the principle of graduation, or to the extension of that principle. Under this principle large properties will not only pay more, but also more in proportion to their size. In certain cases under the new English Act the rates, compared with those formerly existing, will be doubled. The scale now obtaining in England ranges from 1 per cent. on an estate of more than £100 to 8 per cent. on an estate of more than £1,000,000. For example, an estate of £1,000 pays into the English Treasury £20, while an estate exceeding £1,000,000 pays a duty of £80,000.

I mention these facts to show that recent discussions in the English Parliament support and justify the principle of our legislation, and that the recently revised legislation there is plainly in the direction of extending, and not of limiting, the application of this principle. The system of graduation has also a place in the legislation of several of the colonies. In Victoria, for example, an estate of £10,000 pays 4 per cent., whereas 10 per cent. is exacted in the case of estates exceeding £100,000.

There were some, I confess, who feared that our statute was calculated to drive capital out of the Province. These fears have, I am pleased to say, in no sense been justified. As to this point, one might well ask that the country should be named which, in this particular regard, is likely to continue to offer for all time to come greater advantages to capitalists than our own. The collection of our duties thus far has been made not only without difficulty, but also without remonstrance or complaint. It has involved no unjust or inquisitorial prying, as some theorists feared it would, into the ways and means of our citizens. In nine cases out of ten, I may say, the collection has been so simple and easy a matter that I might almost call it automatic.

The Province of Quebec received last year by way of succession duties \$149,823. The State of Pennsylvania received as collateral inheritance taxes for the year ending November 30, 1884, \$869,178. For the year ending September 30, 1894, the succession taxes paid into the Treasury of New York State amounted to \$1,685,594, or nearly one-tenth of the total receipts from all sources of the State during their last fiscal year. The average receipts of New York State from this source for the eight years prior to last year during which the law has been in operation, has been \$1,165,426. New York State, therefore, has been for nine years receiving as large a sum from succession duties as our Province receives by way of subsidy from the Dominion. During 1893 in that State four estates alone paid duties to the amount of \$1,096,036. Their estimate for 1895 is a total receipt of \$2,000,000 from this source. In the other States of the Union in which this means of raising a revenue exists the results are equally satisfactory.

During 1894 the number of estates in this Province for which probates or letters of administration were issued was 4,815, of which only 89, or one out of every 53, were liable to succession duty. Twenty-one out of the 89 were reported from the County of York. In 20 out of 45 counties and districts not a single estate in 1894 came within the Act. Of the \$150,754 received during 1894 the County of York contributed \$48,788; Perth, \$20,421; Carleton, \$14,968; Frontenac, \$11,652, and Brant, \$10,332. The largest contribution from a single estate came from the County of Perth, the amount of duty paid being \$12,500, the deceased being an unmarried man. I particularly call the attention of my hon. friend from Northumberland to this last statement. (Laughter.)

FROM BUDGET SPEECH OF 1896.

FOR example, we received in 1891, only four years ago, not a dollar from succession duties. Last year we received the large sum of \$298,825. Our first receipt from that source was in 1892. Thus far under this head our receipts have been as follows:—In 1892, \$758; in 1893, \$45,507; in 1894, \$150,754; and in 1895, \$298,825. Our estimate for 1895 was \$175,000. Altogether we have, up to the close of last year, received in this way the considerable sum of \$503,319, all of which, I remind the House, we have, of course, applied, in accordance with the provisions of the statute which creates these duties, towards the maintenance of our hospitals and asylums. This handsome receipt amply proves how useful and fruitful our legislation has been.

Next to our Crown Lands receipt, and leaving out of consideration our annual fixed subsidy given us under the B. N. A. Act, succession duties constitute in 1895 our most important and valuable source of revenue. And what is better, Sir, it will continue hereafter, beyond any doubt, to grow in volume and importance. I cannot, however, expect, I must frankly say, that 1896 will yield as large a return as 1895, and this because we received in 1895 \$134,693 from one estate, the estate of the late Allan Gilmour, of Ottawa. More than two-fifths of our total receipts for the year thus accrued from one very large estate. We may not, of course, receive so large a sum from any one estate for several years to come.

In passing I wish to say that to this large estate there were no direct heirs, no wife or child entitled. Indeed there were no indirect heirs even, no blood relations of any degree, the largest beneficiary, I may well say sole beneficiary, being a complete stranger in blood to the deceased. Would any one in this House, or out of it, for a moment think of even questioning the fairness or the wisdom of our legislation when applied to this, the most important case which has arisen under it?

And further, as an illustration of the fact that this kind of revenue is easy of collection and of administration, I might add that in the case of this, our largest estate since the Act came into force, we agreed on the valuations, determined the interests of the different parties and adjusted the amount due the Province with but little difficulty and trifling expense, and were in actual receipt of the duties within five months of the date of the death of the deceased. The fact, then, that this will in a few years, if not immediately, prove to be our most important source of revenue—the Dominion subsidy and Crown Lands revenue, of course, excepted—warrants me in adding somewhat to what I have already said on previous occasions concerning it. I do not mean, of course, by way of justifying it, since we have long since passed that stage. It needs neither apology nor defence. On all sides it is at once admitted that no means of raising revenue more fair, desirable or justifiable has ever been devised.

This means of raising revenue long ante-dates all modern political economy. In addition to its many other virtues it has that of antiquity on its side.

It has been thoroughly tested in several countries of Europe; it is each year growing in popularity; it essentially embodies true democratic principles. England, France, Switzerland, Holland, Belgium, and even Italy, Prussia and Russia have long availed themselves of it.

On this continent, the States of Pennsylvania, New York, Maine, Massachusetts, Connecticut, New Jersey, Delaware, Ohio, California, West Virginia and Tennessee, enjoy considerable receipts from it.

FROM BUDGET SPEECH OF 1897.

SUCCESSION DUTIES.

FROM succession duties I estimated that we would receive \$200,000. We really received a considerably less amount, namely, \$152,000. We received \$150,754 in 1894. One estate in 1895 yielded \$134,000, so that the receipt of that year was altogether abnormal. We have received thus far in all since 1892 by way of succession duties \$648,000, and our Act has been in force only five years. The \$152,000 received last year was derived from 99 estates. Of these 99 estates 24 were from the County of York (including Toronto), 9 from the County of Wentworth and 6 from each of the Counties of Brant, Middlesex, Northumberland and Durham. In six important counties, not to speak of the newer districts, among them Halton, Norfolk, Peterborough, Prince Edward and Prescott and Russell, there was not a single estate during the year which paid duty. Altogether 3,000 wills were probated, and 1,421 letters of administration were granted during 1896. The number of dutiable

estates reported was 86, or one out of every 51 estates. The largest receipt of duties came from the County of York, the next largest from Carleton. After these Wentworth and Northumberland and Durham in order contributed the largest sums.

During 1896 we received in this way from the County of York over \$48,000, and from the County of Carleton more than \$32,000.

Our receipts, as I have said, from succession duties date from 1892. The aggregate receipt thus far exceeds \$648,000. It is interesting to note from what localities in the Province the greater part of this revenue is derived. As we would expect, the Counties of York and Carleton (and this for the most part means, so far as this question is concerned, the Cities of Toronto and Ottawa) contribute by far the largest amounts.

Carleton leads with a contribution of \$231,217; York comes next with \$152,570, then Oxford with \$48,169, then Wellington with \$21,625, and next in order Perth with \$21,544, and Wentworth with \$20,200.

Nearly 60 per cent. of the whole revenue thus far received has come from the Counties of Carleton and York. More than one-third of the whole revenue has come from the County of Carleton. We received from a single estate in Ottawa last year \$50,000 more than 26 of our oldest settled counties have contributed altogether since the Act came into force. Some counties, among them Haldimand, Prescott and Russell, have not as yet reported a single estate as liable to duty. And this is as we would expect, inasmuch as the number of large estates in the Province, say, those over \$100,000, is, comparatively speaking, very small. It will be remembered that under our Act neither a wife nor a child pays duty unless the estate exceeds \$100,000. It is stated that less than 2 per cent. of the families of Great Britain hold about three times as much private property as all the remainder, and that 93 per cent. of the people hold less than 8 per cent. of the accumulated wealth. In the United States 1 per cent. of the families holds more property than the remaining 99 percent. Property of all kinds in Ontario is, I am glad to say, much more evenly distributed.

In addition to the receipt of last year of \$152,550, a further sum of \$12,830 was deposited with the Government by the executors of an estate in lieu of giving a bond. We will receive this sum at some future time as payment of duties, but it is not properly a payment belonging to 1896.

Since our Act came into force 20,530 estates have been reported to us. Of this large number only 285 have paid duty, being one out of every 72 estates. I have said that 99 estates last year paid duty, some of these estates being first reported prior to 1896. In all these, save six, collateral heirs inherited considerable portions of the estate and contributed accordingly to our revenue. Indeed in only twelve estates out of 99 did direct heirs, such as wife or child, pay anything, and three out of these twelve were valued at over \$400,000 each. We

were concerned with 4,421 estates during the year, so that in only one estate out of every 368 did direct heirs pay succession duty. Do not these figures prove conclusively that our revenue is derived mainly from very large estates, that the vast majority of estates escape our Act altogether (51 out of every 52 in 1896), and that indirect or collateral heirs pay by far the greater part of the duty?

It is at the same time, all admit, capable of abuse, and in this respect it does not vary from any other mode of raising revenue. Under certain conditions it might even become the thin end of the socialistic wedge, harmful and dangerous.

In France, for example, as much as fifteen per cent, or twenty per cent, even is taken from the value of a single succession and there is no deduction even for debts, but in this and other respects France is a conspicuous exception to the almost universal rule. Different schools of economists at variance as to many questions of taxation, revenue and finance, fully agree as to the wisdom and fairness of this legislation. For example, Prof. Ely, of Wisconsin University, a well-known writer and admittedly high authority in such matters, warmly approves of it. Andrew Carnegie, the equally well-known capitalist and millionaire, goes to extremes in supporting it. He vigorously meets the arguments of those who object to inheritance taxes because they constitute a tax upon capital. Not long ago in a lecture delivered in New York City, speaking on this very point, he used these words:—"Every dollar of taxes required might be obtained in this manner (*viz.*, by inheritance taxes) without interfering in the least with the forces which tend to the development of the country through the production of wealth." And many years ago John Stuart Mill not only advocated progressive inheritance taxes, but contended also even that there should be a limit to the amount which anyone should be allowed to take either by inheritance or bequest.

It is well argued, we should bear in mind, that we should regard succession duties not as a tax on property, but as a condition of inheritance, a regulation of inheritance, a regulation of bequest.

For many reasons this legislation is popular, it well accords with unquestionably sound theory, since under it those pay, and those pay most, who are most able to pay.

No means of obtaining revenue can be less oppressive. In what other way would payments be made more willingly? Succession duties take nothing from the heir which they have actually enjoyed, they deprive them rather of something which they never had. And further, in the case of distant relatives it is not a very easy matter to give a perfectly satisfactory reason for the existence of intestate inheritance. When property is acquired accidentally, and perhaps unexpectedly, the heir is more able to pay, and does pay with but little reluctance.

Moreover, it is difficult to evade payment, and it leaves but little opportunity for fraud. We readily see how important this is when we notice to what extent income taxes, for example, are evaded.

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For instance, the one per cent. tax on direct inheritance in New York, which applies only to personal property, realized \$700,000 from the Jay Gould estate. His personal property in his lifetime had only been assessed for \$500,000 for property tax purposes, but after his death it was valued at 140 times that amount.

Pennsylvania has had an inheritance law for seventy years. During the fiscal year ending Nov. 30th, 1895, its receipts from this source were \$1,117,974.

New York State received in this way, during its fiscal year ending Sept. 30th, 1895, \$2,126,894.

Massachusetts received from collateral legacies and successions in 1894 \$239,368, and in 1895, \$399,292.

New Jersey, which occupies a unique position among the States of the Union, in that it has no tax for State purposes and is practically out of debt, received through succession taxes, \$204,695 in 1894, and \$121,339 in 1895. This fortunate little State derives nearly all revenue from taxes on railroads and other corporations.

The sister Province of Quebec received as succession duties:—

\$40,313 for year ending Jun^a, 1893, \$149,283 for year ending June, 1894, and \$162,535 for year ending June, 1895.

The exempt estates range from \$250 in Maryland to \$10,000 in Massachusetts and Ohio, Tennessee being the only estate which allows no such exemption.

In New York inheritance taxes amount to twenty and one-half per cent. of all the State taxes, and contribute nine per cent. of its total State expenditures.

In Pennsylvania they amount to more than twelve per cent. of all the State taxes, and six and one-half per cent. of all the State expenditures.

Well-known writers, who have given special attention to this question, confidently assert that the experience of New York State makes it plain that inheritance taxes and corporation taxes together could in the majority of the States of the Union be fairly made to pay all the State expenses.

ANALYSIS OF THE DUTIES.

I know that hon. gentlemen will be interested in an analysis of our succession duties receipts of last year. This analysis will fully bear out my statement that our Act is a very moderate one; that it is chiefly characterized by generous exemptions, and that in its working it is fully consistent with that soundest of economic principles, "ability to pay." Upon analyzing the returns made by the Clerks of our Surrogate Courts I find that 3,145 wills were proved and 1,519 letters of administration were issued during 1895. Our Courts in this way adjudicated upon 4,664 estates. The number the previous year was 4,815, and 4,574 the year before.

Out of these 4,664 estates reported in 1895 only 37 were dutiable

under our Act. The number which escaped duty was 4,577, the number which paid duty 87.

Only one estate out of every 53 came within the provisions of our Act. In no less than twenty of our counties in 1895 not a single estate came within its provisions. Of these 87 estates which paid duty twenty-two were reported as from the County of York, eight from the County of Wentworth, six from Brant, six from Oxford, five from Middlesex and five from Northumberland. Taking the Province altogether, I find that in more than one-half of the counties last year there were no estates liable to succession duties. A few counties contributed nearly all of the revenue. In these counties, of course, there are large centres of population. This fact, let me again observe, proves that our Act contains large and generous exemptions. We received from Carlton County last year \$162,778, or more than 54 per cent. of our total receipt; from Oxford County \$42,679, or more than 14 per cent. of our total receipt; from the County of York \$35,984; or more than 12 per cent. of the gross receipt. From these three counties alone we received more than 80 per cent. of all our succession duties during 1895.

We apply, as the statute provides, the revenue from succession duties toward the maintenance of hospitals and asylums. Of last year's revenue \$190,221 sufficed to meet our grants for the year to hospitals and charities. The balance, viz., \$108,604, assisted in defraying our large asylum expenditures.